

FISCAL NOTE

Bill #: SB0172

Title: Telephone license tax credit

Primary

Sponsor: Mignon Waterman

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$10,000	\$5,000
Revenue:		
General Fund	\$0	(\$2,000,000)
Net Impact on General Fund Balance:	(\$10,000)	(\$2,005,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce

1. The Economic Development CDBG Loan Review Committee will review all applications for telecommunications infrastructure tax credits and forward the list of telecommunications service providers eligible to receive tax credits to the Department of Revenue.
2. It is estimated that the analysis and development of administrative rules would cost approximately \$10,000 in FY2000 and that modifications would cost \$5,000 in FY2001.

(continued)

Department of Revenue

3. Beginning in FY2001 the maximum amount of creditable advanced telecommunications infrastructure investment, \$10,000,000, will be made.
4. There will be no increase in revenue from the tax imposed by Title 15, chapter 53, MCA, as a result of this bill.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Department of Commerce:		
Operating Expenses	\$10,000	\$5,000
<u>Funding:</u>		
General Fund (01)	\$10,000	\$5,000
Department of Revenue:		
<u>Revenues:</u>		
General Fund (01)	\$0	(\$2,000,000)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$10,000)	(\$2,005,000)

LONG-RANGE IMPACTS:

Department of Revenue

1. The foregone revenue to the general fund of this bill is likely to be the maximum of \$2,000,000 per year until the bill sunsets at the end of FY2004.

TECHNICAL NOTES:

Department of Revenue

1. It is unclear in the bill whether more than one company making a qualified investment will be able to receive a tax credit.
2. There is nothing in the bill to prohibit the maximum value of the credit, \$2,000,000, from being taken by a single company.
3. It is unclear what mechanism will be used to prioritize the credits given when multiple companies are making or proposing qualified investments.
4. Section 3 of the bill is codified in Title 15.